



Second-Party Opinion

SGSP Australia Assets Pty Ltd Green Finance Framework

Evaluation Summary

Sustainalytics is of the opinion that the SGSP Australia Assets Pty Ltd Green Finance Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2021 and the Green Loan Principles 2021. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 15.



PROJECT EVALUATION / SELECTION SGSP Australia Assets Pty Ltd’s internal process in evaluating and selecting projects is managed by the Green Finance Working Group (“GFWG”), which is comprised of members from the Treasury, Corporate Strategy, and Group Corporate Affairs department. On an annual basis, the GFWG will review and select eligible projects according to the criteria established in the Framework. Sustainalytics considers the project selection process in line with market practice.



MANAGEMENT OF PROCEEDS SGSP Australia Assets Pty Ltd’s processes for management of proceeds is overseen by the GFWG. The Company will track and monitor proceeds with an internal system, and proceeds will be allocated on a portfolio basis. The Company is committed to allocating net proceeds to Eligible Projects on a best effort basis within 24 months of the date of issuance. Unallocated proceeds may be held in the Company’s treasury liquidity portfolio in cash, cash equivalents or other money market instruments. This is in line with market practice.



REPORTING SGSP Australia Assets Pty Ltd intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, SGSP Australia Assets Pty Ltd is committed to reporting on relevant impact metrics. On a best-efforts basis SGSPAA intends to align impact reporting with the portfolio approach described in ICMA’s Harmonized Framework for Impact Reporting. Sustainalytics views SGSP Australia Assets Pty Ltd’s allocation and impact reporting as aligned with market practice.

Evaluation date	July 5, 2021
Issuer Location	Melbourne, Australia

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Introduction

SGSP Australia Assets Pty Ltd (“SGSPAA”, the “Issuer”, the “Company” or the “Group”) is an energy infrastructure, maintenance, and services group, owned 60% by State Grid of China (“SGCC”), and 40% by Singapore Power (“SP”). The Group primarily comprises of an energy infrastructure company, asset service delivery company and business energy solutions provider company, Jemena, Zinfra, and Ovida, respectively, with additional interests in ActewAGL (EvoEnergy), United Energy and other minority investments.¹ The Group is headquartered in Melbourne, Australia, and owns and operates a diverse portfolio of energy assets across northern Australia and Australia’s east coast, spanning across the entire energy value chain.

SGSPAA has developed the SGSP Australia Assets Pty Ltd Green Finance Framework (the “Framework”) under which it intends to issue green bonds, loans and promissory notes and use the proceeds to finance and/or refinance, in whole or in part, existing and/or future projects that are expected to improve energy efficiency and reduce the carbon footprint of the Company’s, its businesses and its customers’ operations, and adapt to climate change. The Framework defines eligibility criteria in four areas:

1. Renewable Energy
2. Energy Efficiency
3. Clean Transportation
4. Climate Change Adaptation

SGSPAA engaged Sustainalytics to review the SGSP Australia Assets Pty Ltd Green Finance Framework, dated July 2021, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Bond Principles 2021 (GBP)² and the Green Loan Principles 2021 (GLP).³ This Framework has been published in a separate document.⁴

Scope of work and limitations of Sustainalytics’ Second-Party Opinion

Sustainalytics’ Second-Party Opinion reflects Sustainalytics’ independent⁵ opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework’s alignment with the Green Bond Principles 2021, as administered by ICMA, and the Green Loan Principles 2021, as administered by LMA, APLMA and LSTA⁶;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer’s sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.9.1, which is informed by market practice and Sustainalytics’ expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of SGSPAA’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. SGSPAA representatives have confirmed (1) they understand it is the sole responsibility of SGSPAA to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all

¹ SGSPAA, “FINANCIAL REPORT: For the year ended 31 December 2020”, at: <https://jemena.com.au/documents/reports/sgspaa-group-accounts-31-dec-2020.aspx>

² The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>.

³ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

⁴ The SGSP Australia Assets Pty Ltd Green Finance Framework is available on SGSP Australia Assets Pty Ltd’s website at: <https://jemena.com.au/about/investors/investor-information>

⁵ When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics’ hallmarks is integrity, another is transparency.

⁶ In addition to the Loan Markets Association, the GLP are also administered by the Asia Pacific Loan Market Association and the Loan Syndications & Trading Association

relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and SGSPAA.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond and loan proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond and loan proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that SGSPAA has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the SGSP Australia Assets Pty Ltd Green Finance Framework

Sustainalytics is of the opinion that the SGSP Australia Assets Pty Ltd Green Finance Framework is credible and impactful, and aligns with the four core components of the GBP and GLP. Sustainalytics highlights the following elements of SGSPAA's Green Finance Framework:

- Use of Proceeds:
 - The eligible categories – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the GBP and GLP.
 - Sustainalytics notes that the Issuer has established a 36-month look-back period for refinancing of capital and/or operating expenditures.
 - Within Renewable Energy, SGSPAA may finance and/or refinance expenditures related to the generation, production, storage, transmission and distribution of renewable energy according to the following eligibility criteria:
 - Infrastructure expenditures including the general maintenance and expansion of transmission distribution of renewable energy owned by SGSPAA, such as power lines and poles, electricity substations. Sustainalytics notes that financing of such activities will only be considered if the grid is >90% powered by renewables, otherwise the Issuer will apply a pro-rata approach to determine the eligible portion of investment.
 - Acquisition, development, operation and maintenance of renewable energy production plants from solar photovoltaic, wind, hydropower and bioenergy sources.
 - Hydropower projects are eligible if they are (i) small scale (below 25MW); or (ii) run-of-river with low storage capacity; or (iii) have life-cycle emissions below 100gCO₂e/kWh; or (iv) have a power density greater than 5W/m². The Framework also defines hydropower storage such as pumped hydro as eligible. Eligible projects are not involved in any significant controversy and must have undergone an Environmental and Social Risk Assessment by a third-party, which concludes that no significant risk and/or negative social and/or environmental impact is expected.
 - Bioenergy feedstocks are limited to waste biomass including domestic wastewaters and sewage sludge for the production of biogas and biofuels. SGSPAA has set exclusionary criteria for biomass and biofuels derived from sources of high biodiversity, that compete with food sources or that deplete

carbon pools. Sustainalytics notes that wastewater from fossil fuel operations will not be used.

- New or retrofit infrastructure for the transport and storage of green hydrogen.⁷ The Framework also defines as eligible research and development expenditures including electrolysis facilities.
- Regarding Energy Efficiency, SGSPAA may finance and/or refinance acquisition, conception, construction, and/or operation of power control devices and facilities to improve energy transmission and distribution, balancing efficiency, power grid stabilization and/or management of peak generation of renewable energy including smart meters, sensors and microgrids, battery storage systems. These expenditures are related to R&D and will account for <10% of the total financing. Additionally, the Issuer may finance or refinance replacements and/or improvements intended to reduce energy losses and improve grid flexibility and resilience, for example the financing of an analytics platform to improve energy efficiency by using machine learning to predict consumption patterns and related upgrades to further the implementation of electric vehicles.
- In Clean Transportation, SGSPAA may finance and/or refinance the development and construction of electric vehicle and hydrogen fuel charging stations and related infrastructure. The Framework also defines as eligible the procurement of electric vehicles.
- Within Climate Change Adaptation, SGSPAA may finance and/or refinance investments and expenditures aimed at reducing the risk and/or impact of wildfire and severe weather events including wild brush clearing, vegetation removal, species diversification and reforestation.
- Project Evaluation and Selection:
 - SGSPAA's internal process in evaluation and selecting projects is managed by the Green Finance Working Group ("GFWG"), which is comprised of members from the Treasury, Corporate Strategy, and Group Corporate Affairs department. On annual basis, the GFWG will review and select eligible projects according to the criteria established in the Framework.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - SGSPAA's process for management of proceeds is overseen by the Treasury in accordance with SGSPAA's internal process. The Company will track and monitor allocation of proceeds using an internal system, and following a portfolio approach. The Company is committed to allocating net proceeds to Eligible Projects on a best effort basis within 24 months of the date of issuance. Unallocated proceeds may be held in the Company's treasury liquidity portfolio in cash, cash equivalents or other money market instruments.
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - SGSPAA is committed to providing allocation reporting via its website on an annual basis until full allocation. The allocation reporting will include details such as total amount of net proceeds allocated to the Eligible Projects, at category and sub-category level, with a description or selected case studies, share financing vs. refinancing, and balance of unallocated proceeds. Additionally, where feasible SGSPAA may report on relevant impact indicators including annual renewable energy generation (MWh/GWh), number of smart grid components installed and number of electric vehicles charging points installed.
 - On a best-efforts basis SGSPAA intends to align impact reporting with the portfolio approach described in ICMA's Harmonized Framework for Impact Reporting.⁸
 - Based on these elements, Sustainalytics considers this process to be in line with market practice.

Alignment with Green Bond Principles 2021 and Green Loan Principles 2021

Sustainalytics has determined that the SGSP Australia Assets Pty Ltd Green Finance Framework aligns to the four core components of the GBP and GLP. For detailed information please refer to Appendix 1: Green Bond/Green Bond Programme External Review Form.

⁷ Produced by renewable energy using electrolysis processes.

⁸ ICMA Group, "Impact Reporting Metrics and Databases", (2021), at: <https://www.icmagroup.org/sustainable-finance/impact-reporting/>

Section 2: Sustainability Strategy of SGSPAA

Contribution of framework to SGSP Australia Assets Pty Ltd's sustainability strategy

Sustainalytics is of the opinion that SGSPAA demonstrates a commitment to sustainability driven by its sustainability strategy focusing on two key environmental areas: (i) Supporting Australia's Energy Transformation, and (ii) Climate and Environment.⁹

SGSPAA aims to achieve net zero emissions by 2050.⁹ As a part of one of its key strategic areas of sustainability, the Group has supported the release of 'Gas Vision 2050: Delivering a Clean Energy Future', outlining a decarbonization roadmap for gaseous fuel, and is committed to realize the vision by investing, and delivering renewable gas projects to support Australia's transition to a low-carbon future. For example, increasing access to renewable hydrogen through Group's Western Sydney Green Gas Project, support to Victorian Clean Technology Fund (VCTF) which has invested in over 25 companies, and Australia's first Biomethane-to-Grid project.^{9,10} Furthermore, in order to improve access to renewable energy and clean transportation, the Group plans to increase the amount of renewable energy that can be fed into the grid as a part of its '2021-26 Regulatory Proposal', and also support a move to electric vehicles through partnerships and trial programmes such as the EV Grid trial across Victoria, Tasmania and Australian Capital Territory (ACT).^{10,11}

'Evolving the Energy Grid' is one of the key strategic areas as a part of Group's material topic 'Climate and Environment', which aims to support Distributed Energy Resource (DER) technologies into the grid, and shows the Group's aspiration towards enhancing energy efficiency.⁹ The Group is a member of various associations and external initiatives, namely, Australian Hydrogen Council, Bioenergy Australia, Electric Vehicle Council, Energy Procurement Supply Association, Energy Networks Australia, etc. and its membership is reviewed on a regular basis, thereby ensuring alignment with the Group's strategic sustainability interests and good governance.⁹ SGSPAA is also committed to creating social impact through multiple initiatives as a part of its Community Grants Program.⁹

Sustainalytics is of the opinion that the SGSP Australia Assets Pty Ltd Green Finance Framework is aligned with the company's overall sustainability strategy and initiatives and will further the Company's action on its key environmental priorities.

Well-positioned to address common environmental and social risks associated with the projects.

While Sustainalytics recognizes that the net proceeds from the bond(s) and/or loan(s) issued under the Framework will be directed towards eligible projects that are expected to have positive environmental impact, Sustainalytics is aware that such eligible projects could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the eligible projects, could include occupational health and safety, community relations/stakeholder participation, land use, and biodiversity issues associated with large-scale infrastructure development, and waste generated in construction.

Sustainalytics is of the opinion that SGSPAA is able to manage and/or mitigate potential risks through implementation of the following:

- SGSPAA's Board of Directors have established and are responsible for the Risk, Health, Safety and Environment (RHSE or HSE) Committee, which is further responsible for developing and monitoring the Group's risk management policies, and to identify, analyze, monitor and control risks and ensure adherence to its limits. The committee reports regularly to the Board of Directors on its activities.¹²
- SGSPAA has two separate Occupational Health and Safety Management Systems (OHSM) and Environment Management Systems (EMS), for Jemena and Zinfra, because both companies were incorporated into one Group in late 2019. SGSPAA intends to integrate EMS and OHSM in 2021, under the guidance of the Group's Business Unit committees and high-level oversight by the Group's HSE Committee and Group's HSE Council.⁹ Presently, the Group's Zinfra company has received accreditations for AS 4801:2001 on Occupational Health & Safety, ISO 9001:2015 on Quality Management System, and from Office of Federal Safety Commissioner Certificate (OFSC).^{9,13}

⁹ SGSPAA Group, "Adapting to Change - SGSPAA Group Sustainability Report 2020", At: <https://indd.adobe.com/view/4bbe5e55-a21e-4efa-aa81-05f6aab7739b>

¹⁰ Energy Networks Australia, "Gas Vision 2050", at: <https://www.energynetworks.com.au/projects/gas-vision-2050/>

¹¹ Jemena, "Jemena Electricity Networks 2021-26 Regulatory Proposal – Short on Time", at: <https://www.aer.gov.au/system/files/Jemena%20-%202021-26%20Regulatory%20Proposal%20-%20Short%20on%20Time%20-%2031%20January%202020.pdf>

¹² SGSPAA, "Financial Report for the Year Ended 31 December 2020", (2021), at: <https://jemena.com.au/documents/reports/sgspaa-group-accounts-31-dec-2020.aspx>

¹³ Australian Government, "Office of the Federal Safety Commissioner", at: <https://www.fsc.gov.au/>

- All the employees of the Group are required to adhere to OHSM requirements, as well as contractors and subcontractors engaged by the Group as a part of Group's Contractor Management (GCM) process, which are designed based on International Standard for Risk Management ISO 31000:2018, and 'Safe Work Australia: How to Manage Work Health and Safety Risk Code of Practice',¹⁴ which are consistent with Group Code of Conduct, Health and Safety Policy and overarching HSE Management System.¹⁴
- The Group's Zinfra company has also received accreditation for ISO 14001:2015 for Environmental Management Systems, whereas Jemena's EMS is consistent with the principles of ISO 14001, which addresses risks related to biodiversity and environment by reduction, reuse and recycling of resources as well as protection and conservation of natural habitats in operational areas.¹⁴
- One of the Group's material strategic topics is 'Strong Communities' to address risks pertaining to stakeholder management. The Strong Communities initiative 'Our Locals First' approach ensures a robust stakeholder management system through responsible action, including Reputation Management Program and Customer sentiments score tool. The Group has also established a series of consultative forums called 'Customer Councils' to directly capture responses from customers, members of communities and their representatives in operational areas.⁹
- Environmental and Social Impact Assessments and regulatory compliance are critical parts of the Group's project planning processes.⁹ For example, in Victoria, the Group complies with strict electricity safety regulations), as outlined in Jemena Electric Line Clearance Management Plan 2020-2021.¹⁵ Environment Impact Statement (EIS) is developed for significant projects including detailed environmental and social assessments on lines of the Company's Environmental Policy, which also addresses risks related to land use, biodiversity and waste generation.^{9,16}

Based on these policies, standards and assessments, Sustainalytics is of the opinion that SGSPAA has implemented adequate measures and is well-positioned to manage and mitigate environmental and social risks commonly associated with the eligible categories.

Section 3: Impact of Use of Proceeds

All four use of proceeds categories are aligned with those recognized by the GBP. Sustainalytics has focused on categories below where the impact is specifically relevant in local context.

Contribution of renewable energy towards the achievement of Australia's climate targets

Australia emits approximately 1% of global GHGs and the country is one of the world's largest coal and natural gas (LNG) exporters. Therefore, Australia's global carbon footprint is one of the world's biggest on a per capita basis.¹⁷ The electricity sector is the largest contributor to GHG emissions in Australia with coal-fired power stations providing the majority of the electricity to the grid. Furthermore, coal-powered electricity production is not projected to drop below 50 per cent until well after 2025.¹⁷

Australia is committed to its Nationally Determined Contribution (NDC) under the Paris Agreement since 2015. The country has set a target to reduce its GHG emissions between 26 to 28% by 2030, compared to 2005. Newly released emissions projections show Australia is on track to meet its 2030 target. To support that goal, Australia set a Large-scale Renewable Energy Target (LRET) to produce 33,000 GWh from renewables in 2020. In September 2019, the Clean Energy Regulator announced that Australia had met the LRET a year ahead of schedule.¹⁸

Australia could become a renewable energy exporter if the country exceeds 100 per cent renewable electricity generation. There are opportunities to send excess capacity to nations such as Indonesia, Singapore and Malaysia.

The Government is working towards its climate targets and Sustainalytics is of the opinion that the financed projects and activities will support the Country in achieving its goal. SGSPAA's investments in renewable energy and energy efficiency can contribute to enhancing Australia's move to a low-carbon economy.

¹⁴ Safe Work Australia, "How to manage work health and safety risks. Code of Practice", (2018), at:

https://www.safeworkaustralia.gov.au/system/files/documents/1901/code_of_practice_-_how_to_manage_work_health_and_safety_risks_1.pdf

¹⁵ Jemena, "Electric Line Clearance Management Plan 2020-2021", at: <https://jemena.com.au/documents/electricity/electric-line-clearance-management-plan-dec-2016.aspx>

¹⁶ For reference see example of a Draft EIS. Jemena, Northern Gas Pipeline, Draft Environmental Impact Statement August 2016", at:

https://ntepa.nt.gov.au/_data/assets/pdf_file/0004/368095/jemena_draft_eis_exec_summary.PDF

¹⁷ Climate Analytics, "Evaluating the significance of Australia's global fossil fuel carbon footprint", (2019), at: [australia_carbon_footprint_report_july2019.pdf \(climateanalytics.org\)](https://climateanalytics.org/australia_carbon_footprint_report_july2019.pdf)

¹⁸ Clean Energy Council: "Renewable Energy Council", (2019), at: [Renewable Energy Target Australia | Clean Energy Council](https://www.cleanenergycouncil.org.au/renewable-energy-target-australia)

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The bond(s) and loan(s) issued under the SGSP Australia Assets Pty Ltd Green Finance Framework advances the following SDGs and targets:

Use of Proceeds Category	SDG	SDG target
Renewable Energy	7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure	7.2. By 2030, increase substantially the share of renewable energy in the global energy mix. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Energy Efficiency	7. Affordable and Clean Energy 9. Industry, Innovation and Infrastructure	7.3. By 2030, double the global rate of improvement in energy efficiency. 9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.
Clean Transportation	11. Sustainable Cities and Communities	11.2 By 2030, provide access to safe, affordable, accessible and sustainable transport systems for all, improving road safety, notably by expanding public transport, with special attention to the needs of those in vulnerable situations, women children, persons with disabilities and older persons.
Climate Change Adaptation	15. Life on Land	15.1 By 2020, ensure the conservation, restoration and sustainable use of terrestrial and inland freshwater ecosystems and their services, in particular forests, wetlands, mountains and drylands, in line with obligations under international agreements

Conclusion

SGSPAA has developed the SGSPAA Green Finance Framework under which it may issue green bonds and/or loans and use the proceeds to finance projects and activities related to expanding low-carbon infrastructure, such as renewable energy generation/distribution, electric vehicle infrastructure and climate change adaptation activities. Sustainalytics considers that the projects funded by the green bond and loan proceeds are expected to provide positive environmental impact.

The SGSPAA Green Finance Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the SGSPAA Green Finance Framework is aligned with the overall sustainability strategy of the company and that the green use of proceeds categories will contribute to the advancement of the UN Sustainable Development Goals 7, 9, 11 and 15. Additionally, Sustainalytics is of the opinion that SGSPAA has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the use of proceeds.

Based on the above, Sustainalytics is confident that SGSPAA is well-positioned to issue green bonds and loans and that the SGSPAA Green Finance Framework is robust, transparent, and in alignment with the four core components of the Green Bond Principles 2021 and Green Loan Principles 2021.

Appendix

Appendix 1: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	SGSP Australia Assets Pty Ltd
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	SGSP Australia Assets Pty Ltd Green Finance Framework
Review provider's name:	Sustainalytics
Completion date of this form:	July 5, 2021
Publication date of review publication:	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW (*if applicable*)

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible categories for the use of proceeds – Renewable Energy, Energy Efficiency, Clean Transportation, and Climate Change Adaptation – are aligned with those recognized by the Green Bond Principles and the Green Loan Principles. Sustainalytics considers that investments in the eligible categories will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 7, 9, 11 and 15.

Use of proceeds categories as per GBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input checked="" type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input checked="" type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBP | <input type="checkbox"/> Other (please specify): |

If applicable please specify the environmental taxonomy, if other than GBP:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

SGSP Australia Assets Pty Ltd's internal process in evaluating and selecting projects is managed by the Green Finance Working Group ("GFWG"), which is comprised of members from the Treasury, Corporate Strategy, and Group Corporate Affairs department. On annual basis, the GFWG will review and select eligible projects according to the criteria established in the Framework. Sustainalytics considers the project selection process in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify): |

Information on Responsibilities and Accountability

- | | |
|---|--|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

SGSP Australia Assets Pty Ltd's processes for management of proceeds is overseen by the GFWG. The Company will track and monitor proceeds with an internal accounting system, proceeds will be allocated on a portfolio basis. The Company is committed to allocating net proceeds to Eligible Projects on a best effort basis within 24 months of the date of issuance. Unallocated proceeds may be held in the Company's treasury liquidity portfolio in cash, cash equivalents or other money market instruments. This is in line with market practice.

Tracking of proceeds:

- | |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input checked="" type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify): |

4. REPORTING

Overall comment on section (if applicable):

SGSP Australia Assets Pty Ltd intends to report on allocation of proceeds on its website on an annual basis until full allocation. In addition, SGSP Australia Assets Pty Ltd is committed to reporting on relevant impact metrics. On a best-efforts basis SGSPAA intends to align impact reporting with the portfolio approach described in ICMA's Harmonized Framework for Impact Reporting. Sustainalytics views SGSP Australia Assets Pty Ltd's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (please specify): |

Frequency

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Means of Disclosure

- | | |
|---|--|
| <input type="checkbox"/> Information published in financial report | <input checked="" type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input type="checkbox"/> Other (please specify): |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer’s documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. **Second-Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second-Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second-Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider